

APPENDIX B

NATIONAL WATER PROGRAM GRANTS MANAGEMENT FOR FY 2006

The Office of Water places a high priority on effective grants management. The key areas to be emphasized as grant programs are implemented are:

1. standardizing the timing of issuance of grants guidance for categorical grants (i.e., by April of the fiscal year prior to the year in which the guidance applies);
2. ensuring that a high priority is placed on the effective management of grants; and
3. linking grants performance to the achievement of environmental results as laid out in the Agency's *Strategic Plan* and the *National Water Program Guidance*.

The Office of Grants and Debarment (OGD) issued a Grants Management Plan for 2003 – 2008 which is designed to help ensure that grant programs meet the highest management and fiduciary standards and further the Agency's mission of protecting human health and the environment. The Plan highlights five grants management goals:

- enhance the skills of EPA personnel involved in grants management;
- promote competition in the award of grants;
- leverage technology to improve program performance;
- strengthen EPA oversight of grants; and
- support identifying and realizing environmental outcomes.

The Office of Water is committed to accomplishing these goals and working to manage grants efficiently and effectively.

Timing of Guidance Issued for Categorical Grants

One of the Office of Water's objectives is to organize and coordinate the issuance of draft and final guidance documents, including grants guidance, to coincide as much as possible with State, tribal, and regional planning processes. As a result, all guidance packages for categorical grant programs are to be issued by April of the year in advance of the fiscal year of availability of funds (i.e. guidance for fiscal year 2006 appropriated funds needs to be issued by April 2005) if at all possible. Not all categorical grant programs issue annual guidance. These programs may simply indicate that they are continuing to use their current guidance.

A table of all grants guidance issued for categorical grants and other key water program grants is available on the internet and provides links to grant specific guidance documents that are applicable to FY 2006; see <http://www.epa.gov/water/waterplan>

Effective Grants Management

The Agency has issued directives, policies, and guidance to help improve grants management. It is the policy of the Office of Water that all grants are to comply with applicable grants requirements described below, regardless of whether the program specific guidance document addresses the requirement.

Policy for Competition of Assistance Agreements: The Office of Water strongly supports the Agency policy to promote competition to the maximum extent practicable in the award of assistance agreements. Project officers must comply with Agency policy concerning competition in the award of grants and cooperative agreements and ensure that the competitive process is fair and impartial, that all applicants are evaluated only on the criteria stated in the announcement, and that no applicant receives an unfair advantage. The Policy for Competition of Assistance Agreements, EPA Order 5700.5A1, effective January 15, 2005, applies to competitive announcements issued, released, or posted after January 14, 2005; assistance agreement competitions, awards, and disputes based on competitive announcements issued, released, or posted after January 14, 2005; non-competitive awards resulting from non-competitive funding recommendations submitted to a Grants Management Office after January 14, 2005; and assistance agreement amendments issued after January 14, 2005.

If program offices and Regions chose to conduct competitions for awards under programs that are exempt from the Order, they must comply with the Order and any applicable guidance issued by the Grants Competition Advocate (GCA). This includes complying with the Office of Management and Budget (OMB) standard formatting requirements for Federal agency announcements of funding opportunities.

As of October 1, 2006, per OMB Directive, all federal agency funding opportunity announcements for open competitions must provide applicants with the opportunity to submit applications electronically through <http://www.grants.gov>. Grants.gov is the official federal government website where applicants can find and apply to funding opportunities from all 26 federal grant-making agencies. The Office of Water has piloted the use of grants.gov for two competitions in FY 2005.

Policy on Compliance Review and Monitoring: The Office of Water is required to develop and carry out a post-award monitoring plan and conduct basic monitoring for every award. EPA Order 5700.6A1, revised on January 8, 2004, streamlines post-award management of assistance agreements and helps ensure effective oversight of recipient performance and management. The Order encompasses both the administrative and programmatic aspects of the Agency's financial assistance programs. From the programmatic standpoint, this monitoring should ensure satisfaction of five core areas:

1. compliance with all programmatic terms and conditions;
2. correlation of the recipient's work plan/application and actual progress under the award;
3. availability of funds to complete the project;
4. proper management of and accounting for equipment purchased under the award;
and
5. compliance with all statutory and regulatory requirements of the program.

If during monitoring it is determined that there is reason to believe that the grantee has committed or commits fraud, waste and/or abuse, then the project officer must contact the Office of the Inspector General. Advanced monitoring activities must be documented in the official grant file and the Grantee Compliance Database.

Performance Standards for Grants Management: Project Offices participate in a wide range of pre-and post-award activities. On November 14, 2004, EPA disseminated a memorandum entitled "Performance Standards for Grants Management." The Office of Water supports the requirement that project officers and their supervisors adequately address grants management responsibilities through the Agency's PERFORMS process. Headquarters and Regional offices are required to periodically re-evaluate the new standards as they conduct their grants management self-assessments.

Environmental Results under EPA Assistance Agreements: On January 1, 2005, EPA Order 5700.7, went into effect. The Office of Water is actively involved in Agency initiatives to focus grant resources on achieving environmental results that are described in the Strategic Plan. Additional information on the Order and the required linkage of results to the Strategic Plan architecture is provided below.

Environmental Results and Linkage to the Strategic Plan

The Office of Water's *Strategic Plan* includes key "outcome" measures of environmental and public health progress we hope to accomplish by 2008. Both Goal 2 and Goal 4 of the *Strategic Plan* present specific objectives, subobjectives and strategic targets that define, in measurable terms, the change in public health or environmental conditions to be accomplished by 2008. Grants are one of the many tools that EPA, States, local governments, and others will use to accomplish the environmental and public health goals in the *Strategic Plan*.

The OGD Grants Management Plan for 2003 – 2008 includes the goal of linking grants performance to the achievement of the Agency's *Strategic Plan* and managing for results. On January 1, 2005, EPA issued the Environmental Results Order (5700.7). The Order indicates it is EPA policy to link proposed assistance agreements to the Agency's Strategic Plan / GPRA architecture, ensure that outputs and outcomes are appropriately addressed in assistance agreement competitive funding announcements, work plans, and performance reports, and consider how the results from completed assistance agreement projects contribute to the Agency's programmatic goals and responsibilities.

The Order defines outputs as an environmental activity, effort, and/or associated work products related to an environmental goal and objective, that will be produced or provided over a specified period of time. Outputs may be quantitative or qualitative, but must be measurable during an assistance agreement funding period.

Outcomes are defined by the Order as the result, effect or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be environmental, behavioral, health-related or programmatic in nature, must be quantitative, and may not necessarily be achievable within an assistance agreement funding period.

There are two major types of outcomes; "end outcomes" and "intermediate outcomes". End outcomes are the desired end or ultimate results of a project or program. They represent results that lead to environmental / public health improvement. A change in water quality and resultant change in human health or environmental condition are examples of end outcomes.

Intermediate outcomes are outcomes that are expected to lead to end outcomes, but are not in and of themselves "ends". Given that the end outcomes of an assistance agreement may not occur until after the assistance agreement funding period, intermediate or short-term outcomes realized during the funding period are an important way to measure progress in achieving end outcomes. For example, reductions in nutrient loading may be considered an intermediate outcome to measure progress toward meeting or contributing to end outcomes of improved water quality.

The Order applies to all non-competitive funding packages / funding recommendations submitted to Grants Management Offices after January 1, 2005, all competitive assistance agreements resulting from competitive funding announcements issued after January 1, 2005, and competitive funding announcements issued after January 1, 2005. Project officers must include in the Funding Recommendation a description of how the project fits within the Agency's Strategic Plan /GPRA architecture. The description must identify all applicable EPA strategic goal(s), objectives, and where available, subobjective(s), consistent with the appropriate Program Results Code(s). In addition, project officers must:

1. consider how the results from completed assistance agreement projects contribute to the Agency's programmatic goals and objectives;
2. ensure that well-defined outputs and outcomes are appropriately addressed in assistance agreement work plans, solicitations and performance reports;
3. negotiate and ensure that work plans contain well-defined outputs and, to the maximum extent practicable, well-defined outcomes;
4. certify /assure that they have reviewed the assistance agreement work plan and that the workplan contains outputs and outcomes.

The Office of Water continues to align grant management with the National Water Program Guidance, and encourages the use of measures (output and outcome) developed in concert with our state and tribal partners. In order to maintain consistency with the *Strategic Plan* and leverage the extensive and collaborative work conducted with our state and tribal partners, OW has developed menus for the major categorical grant programs that link grant activities to the *Strategic Plan* goals, objectives, subobjectives, and National Program Activity Measures (PAMs). The 1-2 page menus will facilitate implementation of the Environmental Results Order and will continue to strengthen the linkage between grant activities and achieving strategic goals. The menus will be updated periodically and are available on the internet at: <http://www.epa.gov/water/waterplan>